



# State of Utah

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

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Michael O. Leavitt  
Governor

Lowell P. Braxton  
Division Director

August 18, 1998

CERTIFIED RETURN RECEIPT REQUESTED  
P 074 976 657

Robert Steele  
1055 North 400 East  
Nephi, Utah 84648

Re: Reclamation Surety Renewal Requirement, Thomas J. Peck & Sons, Nephi Gypsum Mine,  
M/023/011, Juab County, Utah

Dear Mr. Steele:

On February 2, 1998, we received some updated disturbed area and surface facilities maps from Mr. Bruce Evans of Nephi Sandstone Corporation. As you know, Nephi Sandstone is the current operator (contract miner) of the Nephi Gypsum Mine. We asked Mr. Evans to prepare the updated maps to replace the older disturbed area map(s) on file with this office. The new maps are intended to reflect the current state of operations at this mine. Because you have not sought a permit transfer of this mining operation to Nephi Sandstone Corporation, we are directing this letter to you. You are presently listed as the owner/operator and hold the approved permit for this mine. As such you are responsible for continued operations and final reclamation of the mine site.

Upon examination of the maps, it became evident that certain changes have occurred within the general mining area that will have an affect on the approved reclamation plan and surety requirements for the Nephi Gypsum Mine. The current mine disturbance as shown on an aerial photo (dated 4/30/97) is at least 11 - 12 acres. Approximately seven (7) acres of disturbance is attributed to adjacent private property. By letter dated April 20, 1998, Mr. Evans requested a variance from the reclamation requirements for the 7 acres of private property.

The existing \$17,900 reclamation surety estimate is overdue for reevaluation. We believe it does not accurately reflect present day costs to reclaim the mine site, given the changes that have occurred since the original plan was accepted. Please prepare and file an updated and detailed reclamation plan with this office which addresses present conditions and all onsite changes that have occurred since the original permit was approved (including the new mining related facilities that have been constructed on the adjacent private property). A new reclamation surety amount will need to be calculated based upon the details of this updated reclamation plan.

Until a new surety amount can be accurately determined, a new *interim* reclamation surety will need to be provided. An interim surety must be posted for the 12 acres of mining related disturbance

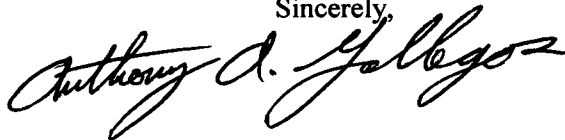
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until such time as a more accurate bond can be calculated. The new *interim* surety estimate is \$36,000 (12 acres X \$3,000/acre). If you disagree with this interim cost assessment, we encourage you to have a detailed third party cost estimate prepared for reclamation of the site and the Division will review that estimate for adequacy.

What portion of the 7 acres of adjacent private property is currently being used for mining related purposes directly associated with the Nephi Gypsum Quarry? We cannot grant a reclamation variance for mining related disturbances that are associated with this operation, regardless of the land ownership. When an alternate post-mining land use for these facilities becomes a reality, then we will reevaluate this variance request. In the interim, the affected land and support facilities will be considered part of the mining operation and must be included under the reclamation plan and surety estimate.

Please provide the additional interim reclamation surety amount no later than September 30, 1998. The Division currently holds a \$17,900 irrevocable standby letter of credit provided by Thomas J. Peck and Sons on your behalf. You may direct your bank to provide us with a rider amending the letter of credit, or post another form of reclamation surety. We can provide you with other types of reclamation surety forms if you desire. A new reclamation contract agreement (Form MR-RC) must be completed and returned to the Division when the new reclamation surety amount is calculated and accepted by this office. Thank you for your cooperation and understanding in this regard. Please contact me or Tom Munson of my staff at (801) 538-5286 and 538-5321, respectively, if you have questions or need further clarification in this matter.

Sincerely,



D. Wayne Hedberg  
Permit Supervisor  
Minerals Reclamation Program

jb  
cc: Bruce Evans, Nephi Sandstone  
Tony Peck, Thomas J. Peck & Sons  
Mary Ann Wright, DOGM  
m023011.let